

# **MD Bill – SB 317 (Brooks 2023) - Passive House DC**

Uploaded by: Jay Murdoch

Position: FAV

**Comments of the Passive House DC Chapter & the Passive House Network  
In Support of  
Mainstreaming & Incentivizing Passive House Homes & Buildings  
SB 317 (Senators Brooks, West and Sydnor)**

The Passive House DC chapter and the Passive House Network supports education and training, as well as voluntary incentives for new and existing homes and buildings that are certified to the Passive House standards. We compliment the sponsors of [SB 317](#) for proposing what appears to be the first in the nation tax credit to promote above code building practices achieving Passive House certification.

Passive House DC, an affiliate of the Passive House Network (<https://naphnetwork.org/>), is comprised of design professionals, trades, building science consultants, builders and other advocates promoting market transformation through the adoption of Passive House as a design and construction practice for new homes and buildings, as well as for deep energy efficiency retrofits of existing homes and buildings. Passive House is the only construction standard that radically cuts carbon emissions from buildings and can deliver energy savings upwards of 60% when compared with national model energy codes.

Passive House is the future of design and construction, and has already been mainstreamed in Brussels, and established as the 2030 goal in Vancouver British Columbia for all new construction. Many states and large cities are following suit and adopting Passive House as their target for new government buildings, affordable housing, and in the state and local reach codes to address climate and equity policy goals as well as a grid resiliency and building decarbonization strategies.

Some of the benefits of Passive House homes and buildings include, but are not limited to:

1. Equity for Occupants in the form of substantially reduced energy bills
2. Improved Indoor Air and Environmental Quality for occupants
3. Deep Energy Savings surpassing code minimums, ENERGY STAR and DOE Zero Energy Ready Homes & Multifamily
4. Ability to Safely Shelter-in-Place during extreme weather events and loss of power
5. Substantial Carbon Reductions over code and above code programs
6. A Grid Resiliency strategy, and
7. The ideal pre-requisite and foundation for Building Decarbonization and Electrification policy

We look forward to working with the Senators and allies, as well as the Maryland-based Passive House advocates, to move this important tax credit forward.

Thank you for leading!

Bo Green, Chair, Passive House DC, [directto@live.com](mailto:directto@live.com), 202.327.0317  
Jay Murdoch, Passive House DC member, PHN Board member, Owens Corning,  
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**SB317-passive housing tax credit-B&T-CJW-fav.pdf**

Uploaded by: Laurie McGilvray

Position: FAV



**Committee:** Budget and Taxation  
**Testimony on:** SB317 - Income Tax - Energy Efficiency Upgrades -Passive Houses  
**Organization:** Maryland Legislative Coalition Climate Justice Wing  
**Submitting:** Laurie McGilvray, Co-Chair  
**Position:** Favorable  
**Hearing Date:** February 8, 2023

Dear Chair and Committee Members:

Thank you for allowing our testimony today. The Maryland Legislative Coalition Climate Justice Wing, a statewide coalition of over 50 grassroots and professional organizations, urges you to vote favorably on SB317.

SB317 creates a State income tax credit for eligible costs for energy efficiency upgrades to “Passive House” standards for residential properties (i.e., standards created and certified by the Passive House Institute). Under SB317, the owner of a single-family residence or a multi-family rental property can claim a tax credit equal to 10% of the total eligible costs incurred during the tax year, not to exceed \$2,000.

In Maryland, direct and indirect emissions from buildings constitute 40 percent of total greenhouse gas emissions. Passive Houses are a voluntary building energy efficiency standard, which reduces the building's environmental footprint, resulting in homes that require little energy for space heating or cooling. Passive houses are an important tool to reduce greenhouse gas emissions from residential building and lower energy costs, but also improve living conditions, especially for communities disproportionately impacted by air pollution.

Passive House is a “conservation first” standard that focuses on improvements to the building envelope and other design features, which deliver dramatically better indoor air quality through continuous, filtered ventilation. This results in reduced respiratory ailments, far greater comfort, and next to no energy bills. The South Baltimore Land Trust is building several passive homes in Curtis Bay to address significant health issues faced by residents. South Baltimore has three times the asthma rate of Maryland, because of its proximity to highways, the Wheelabrator incinerator, landfills, open air coal terminals, and other polluting industries.

SB317 aims to incentive greater adoption of Passive House standards for all of its benefits. We urge a FAVORABLE report for SB317.

**SB317 \_MDSierraClub\_fav 8Feb2023.pdf**

Uploaded by: Mark Posner

Position: FAV



P.O. Box 278  
Riverdale, MD 20738

**Committee: Budget and Taxation**

**Testimony on: SB317 “Income Tax – Credit for Energy Efficiency Upgrades – Passive Homes”**

**Position: Support**

**Hearing Date: February 8, 2023**

The Maryland Chapter of the Sierra Club offers this testimony in support of SB317.

The bill will establish a limited tax credit for residential property owners who make certain energy efficiency upgrades to their building’s exterior envelope or their duct system consistent with the standards established by the [Passive House Institute](#). The Institute is an independent research organization that has played a central role in the development of the “passive house” concept, which entails using certain energy efficiency measures to minimize the amount of heating and cooling needed by a building (e.g., by using air sealing, super insulation, and passive solar principles).

Maryland must substantially reduce greenhouse gas emissions from buildings to achieve its goal of reducing emissions by 60% by 2031 (from 2006 levels) and reaching net-zero emissions by 2045. Burning fossil fuels in buildings generates up to 20% of Maryland’s greenhouse gas pollution. For this reason, we are supporting legislation this session to update Maryland’s energy efficiency program, EmPOWER Maryland, to offer subsidies to property owners who switch from gas to electric heating and appliances, and end subsidies for gas furnaces.

At the same time, Maryland must continue its efforts to improve the energy efficiency of our buildings. This bill will work in tandem with the EmPOWER program to decrease the energy demands and resulting emissions from the building sector, and will help reduce energy efficiency costs.

For these reasons, we urge a favorable report on this bill.

Mark Posner  
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**MD Catholic Conference\_FAV\_SB0317.pdf**

Uploaded by: MJ Kraska

Position: FAV



MARYLAND  
CATHOLIC  
CONFERENCE

February 08, 2023

**SB 317**

**Income Tax - Credit for Energy Efficiency Upgrades - Passive Houses**

**Senate Budget & Taxation Committee**

**Position: Favorable**

The Catholic Conference is the public policy representative of the three (arch)dioceses serving Maryland, which together encompass over one million Marylanders. Statewide, their parishes, schools, hospitals, and numerous charities combine to form our state's second largest social service provider network, behind only our state government.

Senate Bill 317 creates a nonrefundable State income tax credit for the eligible costs incurred for an energy efficiency upgrade to a specified residential building that uses components certified by the Passive House Institute and brings the building into compliance with criteria established by the institute. The owner of a single-family residence or a multifamily rental property can claim a tax credit equal to 10% of the total eligible costs incurred during the tax year, not to exceed \$2,000.

*In his encyclical, *On Care for Our Common Home (Laudato Si')*, Pope Francis tells us, "Whenever these questions are raised, some react by accusing others of irrationally attempting to stand in the way of progress and human development. But we need to grow in the conviction that a decrease in the pace of production and consumption can at times give rise to another form of progress and development. Efforts to promote a sustainable use of natural resources are not a waste of money, but rather an investment capable of providing other economic benefits in the medium term...We know how unsustainable the behavior of those who constantly consume and destroy, while others are not yet able to live in a way worthy of their human dignity".*

Senate Bill 317 aims to address the much-needed reforms to energy consumption policies and standards to be set to sustain and achieve a healthy global ecosystem. We encourage discussion around the components and goals outlined in this legislation and hope they are a catalyst for meaningful ecological policy reform.

The Conference appreciates your consideration and, for these reasons, respectfully requests a **favorable** report on Senate Bill 317.

**OPC Testimony SB0317.pdf**

Uploaded by: Mollie Soloway

Position: FAV

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BRANDI NIELAND  
DIRECTOR, CONSUMER  
ASSISTANCE UNIT

BILL NO.: Senate Bill 317  
Income Tax - Credit for Energy Efficiency Upgrades -  
Passive Houses

COMMITTEE: Budget & Taxation

HEARING DATE: February 8, 2023

SPONSOR: Senators Brooks, West & Sydnor

POSITION: Support

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The Office of People's Counsel enthusiastically supports Senate Bill 317's creation of tax credit financing for qualifying "energy efficiency upgrade[s]."

The General Assembly has previously observed that "energy efficiency is among the least expensive ways to meet the growing electricity demands of the State." Md. Code Ann. Pub. Util. § 7-211(b). Energy efficiency is also among the least expensive ways to support the State's ambitious greenhouse gas emissions reduction goals.

Energy efficiency upgrades also benefit residential customers by helping to lower utility bills over the long term. Yet, the upfront cost of completing such upgrades can be a deterrent. Certain rebates and benefits are available through the utility-customer funded EmPOWER program, but the State cannot rely on utility customers alone to finance the energy efficiency needs that are necessitated by the State's climate goals. Financing efficiency measures through rates is regressive—since utility customers pay the same rates regardless of income—compared to financing measures through taxes. Tax credits, such as those proposed in SB 317, thus provide an important additional mechanism for financing State energy policy.

**Recommendation:** OPC requests a favorable report from the Committee on SB 317.

**SB 0317 AIAMD Ltr of Support.pdf**

Uploaded by: Sandi Worthman

Position: FAV

7 February, 2021

The Honorable Guy Guzzone  
Budget and Taxation Committee  
3 West  
Miller Senate Office Building  
Annapolis, Maryland 21401

Re: Letter of Support for SB 0317  
Income Tax – Credit for Energy Efficiency Upgrades – Passive Houses

Dear Chairman Guzzone and members of the Budget and Taxation Committee:

I am writing to voice AIA Maryland's support for Senate Bill 0317. AIA Maryland represents nearly 2,000 architects in the state of Maryland and advocates for the profession and the quality of the built environment. We fully support sustainable strategies in building design and construction as we collectively work to lessen our impact on the environment that surrounds us. We support the intent of this bill, which would not only encourage students to gain skills and pursue careers that would further benefit the built environment, but also has the added benefit of directly impacting the community in a positive manner.

We support SB 0317 and the state in implementing a tax credit for energy efficiency upgrades align with passive house practices for single or multifamily residential projects. A program such as this would show the approachability of building and design techniques which are above and beyond the code minimum. Passive House design and construction is focused on creation of a super-insulated and air-sealed building envelope to minimize demand for heating and cooling. This tax credit is not sufficient to cover the very focused efforts in design and construction to plan a Passive House project, but it may be just the impetus needed to decide to pursue a Passive House project. Ultimately, the improvements made with this tax credit would lessen the financial burden on the occupant, as their house will operate very efficiently, demand considerably less energy than a project built with conventional means and the resident utility bills would be lowered. Passive House buildings will be built without incorporating any equipment or appliances with fossil-based fuels, so this investment aligns with Maryland's climate change goals for new development. Furthermore, AIA Maryland supports the adoption of building practices that reduce our need for energy and have a lower impact on the natural world.

Sincerely,



Chris Parts, AIA  
Director and Past President

# **SB317\_BrooksSupport.pdf**

Uploaded by: Benjamin Brooks

Position: FWA

**BENJAMIN BROOKS**  
*Legislative District 10*  
Baltimore County

Education, Energy, and the  
Environment Committee



**THE SENATE OF MARYLAND**  
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**TESTIMONY IN SUPPORT WITH AMENDMENT OF SB317  
INCOME TAX- CREDIT FOR ENERGY EFFICIENCY UPGRADES –  
PASSIVE HOUSES**

Budget & Taxation Committee  
February 8, 2023

Chair Guzzone, Vice-Chair Rosapepe and Members of this Committee,

Thank you for the opportunity to testify before you on SB317, Income Tax- Credit for Energy Efficiency Upgrades- Passive House. The purpose of this bill is to provide a tax credit for the installation of energy efficiency products in residential properties, which would bring those residences in compliance with the Passive House Standard, as set by the Passive House Institute. Qualifying residential properties include the taxpayer's residence or a single or multifamily residential rental unit. The tax credit may not exceed the lesser of 10% of the total costs paid or incurred by the owner for an energy efficiency upgrade or \$2,000.

An "energy efficiency upgrade measure" is defined as energy efficiency improvement to the building envelope or duct system. Such upgrade measures may include the following: additional insulation; triple pane argon or krypton gas filled windows; storm windows; weather stripping and caulking; and duct sealing and insulation.

[Passive House](#) is not a brand name but rather a building standard that is energy efficient, comfortable, affordable and ecological. It is built on 5 principles:

1. Continuous insulation;
2. Airtight construction;
3. Optimized windows;
4. Balanced ventilation; and
5. Minimal mechanical.

The Passive House envelope minimizes heat losses by separating the interior from the exterior. Upgrading low-rise multifamily buildings to Passive House criteria can result in overall energy savings. Passive Houses use up to 90% less energy than a conventional house. It harnesses natural energy sources to generate and capture heat reducing the need for bought-in energy, leaving a smaller carbon footprint.

The Clean Energy Job Acts (CEJA), set a goal of 50% renewable energy by 2030. Energy efficiency is vital in meeting that renewable and clean energy goal. SB317 provides incentive to Maryland homeowners to move their homes to more energy efficiency thus getting Maryland one step closer to our 2030 goal.

For these reasons, I am requesting a favorable report.

With kindest regards,

A handwritten signature in cursive script that reads "Benjamin T. Brooks". The signature is written in black ink and is positioned below the closing of the letter.

Benjamin Brooks

# **SB0317 - LOI - Income Tax - Credit for Energy Effi**

Uploaded by: Landon Fahrig

Position: INFO



# Maryland Energy Administration

**TO:** Members, Senate Budget & Taxation Committee  
**FROM:** Paul Pinsky - Director, MEA  
**SUBJECT:** SB 317 - Income Tax - Credit for Energy Efficiency Upgrades - Passive Houses  
**DATE:** February 8, 2023

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## **MEA Position: Letter of Information**

Senate Bill 317 offers a tax credit for certain energy efficiency upgrades. Unfortunately, the bill raises several issues for the committee to consider. The Maryland Energy Administration highlights these issues below.

### *The program is not limited in the aggregate.*

MEA notes that the program created by SB 317 only places a limit on individual credits for qualifying purchases or installations. It places no annual cap on the total volume of credits nor the total negative impact on General Fund Revenue. Other, similar programs, such as the Energy Storage Tax Credit operated by MEA, have annual cumulative caps in place to limit overall reductions in revenue.

### *The subject matter is not currently in MEA's portfolio.*

As the bill is written, it is MEA rather than the building owner that would have to certify the Passive Homes status of a building. Passive House Institute is a European non-compulsory standard with several different levels of achievement that can be reached through various means. This includes: Certified Passive House (in classic, plus, and premium varieties), EnerPHit (in classic, plus, and premium varieties), as well as Low Energy Building, amongst others.

While MEA has several energy efficiency programs and the corresponding expertise, the use of a Passive House Institute (PHI) certifications in the United States is less common than it is in Europe. In fact, at the time of this hearing, PHI only lists five (5) accredited Passive House Certifying organizations in the entirety of the United States. MEA may become reliant upon these limited contractors to complete the required tax credit application review, or, more likely, must create a new position within MEA that serves the same purpose of an accredited PHI Building Certifier.

### *The bill will create administrative burdens, requiring new investment in staff.*

MEA assumes that applications for the new program could create significant administrative burdens because of application volume (due to the lack of any aggregate limits), and the necessary in-depth review of certain building standards and their proper implementation for each tax credit application. MEA anticipates the need for three (3) Energy Specialists in addition to a new Program Manager position, for a total of four (4) new PIN positions.

MEA encourages the committee to consider the forgoing prior to rendering its report.